

Product Description
 Conforming Fixed Rate

Conventional Conforming		Purchase and Rate/Term	
Primary Residence			
Property Type	Maximum LTV/CLTV	Minimum Credit Score	
1 Unit	95%/95% ¹	700	
1 Unit	80%/95%	640 ²	
2 Unit	80%/80%	660	
3-4 Unit	75%/75%	660	
Second Home			
1 Unit	80%/80%	640	
Investment			
1 Unit – Purchase	80%/85%	640	
1 Unit – Rate/Term	75%/75%	640	
2 Unit	75%/75%	680	
3-4 Unit	75%/75%	680	
Cash Out			
Primary Residence			
Property Type	Maximum LTV/CLTV	Minimum Credit Score	
1 Unit	80%/85%	640	
2 Unit	75%/75%	680	
3-4 Unit	75%/75%	680	
Second Home			
1 Unit	75%/75%	640	
Investment			
1 Unit	75%/75%	640	
2 Unit	70%/70%	680	
3-4 Unit	70%/70%	680	

Maximum DTI 41% > 80%
 Maximum DTI aus or 50% ≤ 80%
 Condo's must be owner occupied and receive Limited Project Review per DU

¹ Subject to M.I. approval

² 620 available with exception approval, documented compensating factors and price adjustment

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Conventional Conforming- Product Description	DU Approve/Eligible
Loan Limits	Minimum Loan Amount: \$35,000 1 Unit \$417,000 2 Unit \$533,850 3 Unit \$645,300 4 Unit \$801,950 *Continental U.S.
Borrowers- Eligible	Individuals only US Citizens Social Security Number required (No Tax I.D.) Inter-Vivos or "Living" Revocable Trust allowed on primary residence only (subject to review and approval by underwriter) Permanent Resident Aliens- Borrower must have a valid "Green Card" – Alien Registration Card, INS Form I-551. Must be verified by Closing Agent Non- Permanent Resident Alien- Must have a valid Social Security Number. A minimum two year history of US residency, credit, and employment with income expected to continue for at least 3 years.
Borrowers- Ineligible	Foreign Nationals Borrowers with Diplomatic Immunity US Citizens who are not currently living in the United States Borrowers with No Credit Score Corporations Partnerships
Loan Terms	10, 15, 20, 25 or 30 years
First Time Homebuyers	Borrowers who have not owned a property within the last three (3) years are considered First Time Homebuyers and are eligible when purchasing an owner occupied primary residence. Second Homes and Investment Properties are not allowed
Cash Reserves *Regardless of Aus findings	Primary Residence – as determined by AUS Second Home- Minimum of Two Months Investment Property- 6 Months * For Second Home or investment property transactions where the borrower has multiple financed properties, the borrower must provide an additional 2 months of verified reserves for each additional property. **subject to maximum financed property restrictions
Credit Scores	Minimum Credit Score is 640 regardless of AUS Approval. Minimum of two credit scores for each borrower is required. If two scores are provided the lower of the two scores will be used. If three scores are provided the middle score will be used. The lowest qualifying score of all applicants is used to qualify. *If LTV is over 80% the minimum credit score will be determined by Mortgage Insurance Guidelines.

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Automated Approvals-	All loans must receive an approve/eligible. TMS Funding does not allow manual underwrites for any reason.
DTI	Maximum DTI AUS or 50%, Whichever is less Loans with MI are subject to MI Guidelines
Ineligible Properties	Cooperatives, Manufactured Housing, Time Shares, Condotels, Mobile Homes, Properties with more than 4 units, Commercial Properties, Log Homes, Working Farms, Ranches, Orchards, Geodesic Dome Homes, Mixed Use, Non-Warrantable Condos. Properties without a permanent heat source (Space heaters and wood burning stoves are not considered permanent heating sources). Properties with less than 600 S.F.
Properties Listed for Sale in the Last Six Months	Rate and Term Refinance: The Listing Agreement must be cancelled and property off the market for at least one day prior to application date. Cash Out Refinance: Listing Agreements must be cancelled six months prior to the application date or the loan is subject to a maximum of 70% LTV/CLTV. Cash Out Refinances are only eligible when a property has been owned for a minimum of six months. *Loans with Mtg. Insurance may be subject to different seasoning requirements.
Maximum Financed Properties	The maximum number of financed 1-4 unit properties, including borrowers primary residence is as follows: Primary Residence: No Restrictions Second Home: 4 Investment Properties: 4 TMS Funding limits it's exposure to a Maximum of 4 loans per borrower with a total Aggregate of \$2,000,000. which ever is less
Escrows	Required if LTV >80%, except where prohibited by law. Escrow waivers allowed with LTV's ≤ 80%
Mortgage Insurance- Borrower Paid	*Mortgage Insurance can change at any time and is subject to rates terms guidelines at time of underwriting approval. Coverage is as follows: 90.01 – 95% (10 - 20 year) 25% 85.01 – 90% (10 - 20 year) 12% 80.01 – 85% (10 - 20 year) 6% 90.01 – 95% (25 - 30 year) 30% 85.01 – 90% (25 - 30 year) 25% 80.01 – 85% (25 - 30 year) 12%

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IRS Form 4506-T	Required to be processed on every borrower. Transcripts for most recent two years must be reviewed and approved prior to loan closing/funding.
Seller Contribution	<p>Primary Residence or Second Home: 75% CLTV or Less = 9% 75.01 – 90% CLTV = 6% >90% =3% Investment Property All CLTVS = 2%</p>
Gift Funds	<p>Gifts are allowed on Owner Occupied Properties Only. Primary Residence: Gift may be provided from a Relative, Domestic Partner, Fiancé or Fiancée only. Second Home: Gift may be from a Relative only.</p> <ul style="list-style-type: none"> - A relative is defined as a borrower's spouse, child or other dependent, or any individual related by blood, marriage, adoption or legal guardianship. - There is no minimum down payment requirement if the LTV/CLTV is 80% or less and the entire down payment is a gift. - If the LTV is over 80% at least 5% of the down payment must come from the borrowers own funds. *subject to MI approval. - Executed Gift Letter is required. <p>Gift of Equity is allowed on the purchase of a Primary Residence Only.</p> <ul style="list-style-type: none"> - The LTV should be based on the Lesser of the purchase price or appraised value. - The Gift may not be deducted from the Sales price before calculating the LTV. - All Gift Criteria must be met. - If the LTV is over 80% at least 5% of the down payment must come from the borrowers own funds. *subject to MI approval. - The relative may not be, or have any affiliation with the builder, developer, real estate agent or any other interested party to the transaction, - Appraiser must Acknowledge Gift of Equity on the Appraisal.

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<p>Appraisal</p>	<p>Full appraisal with interior and exterior inspection required regardless of the DU Findings.</p> <ul style="list-style-type: none"> -Form 1004 MC, Market Condition addendum is required for all appraisals -Form 1004 for SFR and PUD -Form 1073 for Condo's -Form 1025 for Small Residential Appraisal Income Report for 2-4 unit properties. -Form 1007, Market Rent Survey, required for Investment properties -Form 216, Operating Income Survey required for investment properties -There must be a functional heat source. -Minimum 600 SF <p>The appraisal must be dated within 90 days of the Note Date.</p> <p>-Loans with Mortgage Insurance may require additional requirements including possibly a second full appraisal.</p>
<p>Continuity Of Obligation</p>	<p>An acceptable continuity of obligation (assuming there is an outstanding lien against the property) exists where:</p> <ul style="list-style-type: none"> • There is at least one borrower obligated on the new loan who was also a borrower obligated on the existing loan being refinanced. • The borrower has been on title and residing in the property for at least 12 months and has either paid the mortgage for the last 12 months or can demonstrate a relationship (relative, domestic partner, etc.) with the current obligor. • The existing loan being refinanced and the title have been held in the name of a natural person or an LLC as long as the borrower was a member of the LLC prior to transfer (all LLC transfers are subject to review and Credit Admin. Approval) (Transfer of ownership from a Corporation to a borrower does not meet the continuity of obligation requirements) (LLCs are not an acceptable form of title for the new loan transaction) • The borrower has recently inherited or was legally awarded the property, i.e. divorce or separation.

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<p>Continuity of Obligation- Continued</p>	<p>If the borrower is currently on title but is unable to demonstrate an acceptable continuity of obligation, or there are no outstanding liens against the property, the loan must be underwritten and priced as a cash out transaction.</p> <p>The following restrictions apply:</p> <p>Loans with no outstanding liens:</p> <ul style="list-style-type: none"> • Property purchased within 6 to 12 months prior to the application date for the new loan transaction: The LTV is based on the lesser of the original sales prices or the current appraised value. • Property purchased more than 12 months prior to the application date for the new loan transaction: the LTV is based on the current appraised value. <p>Loans with outstanding liens but with no continuity of obligation:</p> <ul style="list-style-type: none"> • At least one borrower must be on the title for at least six months, AND • The maximum LTV (based on the current appraised value) is 50%
<p>Retaining Current Residence and Conversion to Second Home or Investment Property</p>	<p>Borrowers current Primary Residence is Pending Sale and will not close prior to the purchase of the new Primary Residence:</p> <ul style="list-style-type: none"> • Borrower must qualify using both the current and proposed mortgage payment. • Six Months PITI reserves for both properties are required (If there is <u>documented</u> equity of at least 30% in the existing property, a reduced reserve requirement of 2 months PITI for both properties is permitted. The 30% equity must be documented using a full appraisal or AVM complying with HVCC guidelines and dated within 60 days of note date) <p>Borrower can be qualified without using the PITI of the current principal residence provided borrower has 6 months PITI reserves for both properties (2 months if 30% of documented equity) and lender has a copy of the executed sales contract for the current residence and there is evidence that all financing contingencies have been cleared.</p> <p>Converting Primary Residence to a Second Home:</p> <ul style="list-style-type: none"> • Borrower must qualify using both the current and proposed mortgage payment

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<p>Retaining Current Residence and Conversion to Second Home or Investment Property-Continued</p>	<ul style="list-style-type: none"> • Six Months PITI reserves for both properties are required (If there is <u>documented</u> equity of at least 30% in the existing property, a reduced reserve requirement of 2 months PITI for both properties is permitted. The 30% equity must be documented using a full appraisal or AVM complying with HVCC guidelines and dated within 60 days of note date) <p>Converting Primary Residence to an Investment Property:</p> <ul style="list-style-type: none"> • Borrower must qualify using both the current and proposed mortgage payment • Rental Income may be used to offset the payment subject to the following: <ul style="list-style-type: none"> - 30% equity must be documented using a full appraisal or AVM. - The rental income must be documented with a fully executed lease agreement and proof of receipt of security deposit from tenant with evidence of deposit into borrowers account. - Reserves required of 2 months or AUS which ever is greater for both properties. • If 30% Equity in the property cannot be documented, rental income can not be used to qualify the borrower and reserves of 6 months required for both properties.
<p>Verbal Verification of Employment</p>	<p>A Verbal Verification of Employment will be performed by TMS Funding on all borrowers no more than 5 calendar days prior to closing.</p> <ul style="list-style-type: none"> - Self Employed Borrowers no more than 30 days prior to closing - Borrowers in the Military may provide a Military Leave and Earnings Statement (LES) within 30 days of closing in lieu of a Verbal.
<p>Rent Loss Insurance Coverage</p>	<p>Rent Loss insurance Coverage equal to six months of rent loss will be required for 2-4 Unit Primary Residence where Rental Income was used to qualify and all 1-4 Unit Investment Properties.</p>